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ABSTRACT

Contracted school food services relieve school personnel of the tasks and problems involved in operating a food service. However, because good nutritional food has a low profit margin, a profitable contracted school food service does not meet desired nutritional standards. All things being equal, a food service management company cannot compete with an efficient, nonprofit program. (Author/MLF)

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CONTRACTED SCHOOL FOOD SERVICES

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FOOD SERVICE MANAGEMENT
DISCUSSION GROUP

Until quite recently, contracting in schools was limited to the actual transporting of children; a cleaning (janitorial) service; or a food production service.

Now, we are seeing industry attempting to contract for all the services, and in fact the total education of our boys and girls. Most of you are familiar with the "performance contract" that has been initiated in Texarkana, where the basic skills (reading and math) have been contracted out to private industry. The contract states that the boys and girls will be elevated to certain levels of achievement, based on the results of the "Iowa Tests of Basic Skills" and the "SRA Achievement Test".

Recently, the Gary, Indiana, School Board elected to contract with "Behavioral Research Laboratories" on a turn key basis for a four year contract. This turn key operation, a first, is to include every phase of the total school program except the auxiliary services.

As of right now--today--there is no such thing as a totally contracted (turn key) National School Lunch Program.

By Federal regulations and law, a National School Lunch Program must, as a minimum:

1. Offer a type A lunch to all children in a school.

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2. Offer free and reduced lunches to economically needy children within that school according to the board or sponsor's free and reduced price lunch policy.

3. Promote and provide a nutrition education program that will reach all children in that school.

There are many food service management companies offering to contract the mechanics of food production. But, to my knowledge, none have offered a National School Lunch Program turn key contract.

We need not kid ourselves that the public schools have done an outstanding job in meeting the basic requirements of the National School Lunch Program. In fact, the White House Conference, the Boston Study, and our very recent Florida Conference on Hunger and Malnutrition pointed out the many shortcomings nation wide of the public school's performance in the goals and requirements of the National School Lunch Program:

1. After 24 years, only one-third of the children are being reached daily.

2. After 24 years, only one-third of the economically needy children are being reached.

3. After 24 years of a so-called Nutrition Education Program, every study available indicates gross "Nutritional Illiteracy" on every economic, social, and age level.

Though we are far from reaching our original goals, they are still with us.

Does, then, contracted food service have a place in our public schools? What is wrong with a principal admitting he is not trained, nor has the time to operate an on-site restaurant? Is it not, in fact,

rather ridiculous to hold an educator responsible for the operation of an efficient food operation? Is it not the purpose of a principal to spend his time with children rather than the cook's temperment? Let me, then, present some pros, some cons, and a few examples of where contracted school food service has been tried.

A definite plus that has a parallel in industrial contracted feeding, is the fact that just as the Westinghouse Corporation, General Motors, and the Alcoa Corporation found it intolerable to pay assembly line workers $4 per hour, while they paid cafeteria serving line workers $1.25 per hour, so might a unionized school district find it intolerable to meet food service workers' pay demands that have risen above their counterparts in local restaurants, hospital food service, etc. In short, turning over this function to an outside contract relieves the board of a pay scale situation that is out of hand.

Another advantage in contracting school food service might well be the elimination of politics within a school system's feeding program. Board"patronage" policies can keep inefficient school food service personnel in key positions, and often past reasonable retirement ages. We have all likely experienced a Widow Brown, who at 72 has to be maintained because of a patronage situation. All too often, local board policy dictates a "buy locally" policy, which means buy at 20% higher prices. Complaining principals often refuse to abide by efficient management principles, but at the same time refuse to give up the control of the lunchroom.

These are but a few situations that could be eliminated overnight by signing a contract with a food service management company.

ARA-Slater, Saga, and Profit--to mention a few--have nationwide purchasing power that can be passed on to a local school board. Such nationwide firms have outstanding management know-how and management personnel development programs. These, too, are advantages of contracting school food service.

School business administrators are well aware of the success food service management companies have experienced in college feeding. They have read, to cite a few examples, the glowing reports of how:

1. Briarcliff Junior College in Briarcliff Manor, New York, reports that Saga Food Service decreased the number of full time food service employees by 25%.

2. Indiana Central College reported more income from the food service department, after contracting with ARA-Slater.

3. The President of Arizona State University announced publicly, after Saga Food Service contracted for their food service departments, that the educators can get on with the job of educating their students.

Why, then, can't a public school system experience these same sort of advantages and ultimate profit?

First and foremost, is the fact that school food service operated under the intent of the National School Lunch Program and its regulations is a nutritional program. Good nutritional food has a low profit margin.

A contracted school food service program that is making money, that is reaching over half of the children in attendance, as a minimum is serving soft drinks along with the nutritional offerings.

A school vending operation that is making money has soft drinks, coffee, snacks, and candy--or at least the soft drinks. There is no profit in vending ice cream or milk or pure juice. A contract vendor will not give a commission on a sandwich machine, if he can't place a soft drink or coffee machine beside it.

If you want to vend only nutritious food, you will have to lease or purchase your own machines. Last year, the Ecko System was installed in Leon County, Florida, in 18 of the 27 schools. The sole purpose was to make the lunch program self-supporting by decreasing labor costs. After three food service directors; and going into its second year; the labor costs in the satellite programs are still not lower than in the remaining self-contained kitchens. The participation ran as low as 12% (nearly all free and reduced meals) last year in some schools, and the only unanswered question at this point is how can the system be revised!

A study in 1964 within a high school in Dade County, Florida, was conducted with a food service management firm. The contractor was held to the type A requirements and to the same quantities and qualities that other schools in the county adhered to. The end result of the study was that the contractor was losing money, and the board allowed him to return the program to the county school food service department before the legal end of the contract.

Every so often, in a trade journal or a school magazine, you will read of a school where the type A program was scrapped and replaced with a money-making program where the children are to finally receive "what they want". The James Lick High School in San Jose, California, was visited by one of our Florida superintendents in recent years, and he still speaks of the $3,000 a month profit that school uses for other school programs.

I'm not questioning the figures of profit, but I am saying without having ever been there, that: (1) they are serving soft drinks, and (2) that good nutritional standards are not being met.

All things being equal, there is no way a food service management company can compete with an efficient, non-profit program.

We have an efficiently run contracted food service program in Florida, where the cost of producing the type A lunch is slightly below the State average cost of producing a lunch. Below, that is, until you add the cost of the management fee! If the non-profit school food service program isn't efficient, might I close by asking some questions and making some proposals for consideration by the group:

1. How can a school control the profit margin except by contracting on a management fee basis?

2. If you are willing to pay a food management fee, why aren't you willing to pay that kind of money to secure the best available food service supervisor on your own staff?

3. Have you really eliminated the biggest headache of all--the free and reduced policy performance?

4. Can a captive customer ever accept, on a 75% or better participation basis, any sort of system approach where the best one I know of has a limit of 16 menus, and when last I heard, a top participation of 40%?

5. How can food service contractors really assist us?